

No. \_\_\_\_\_

STATE OF TEXAS,  
Plaintiff,

V.

LATIN CARD PLUS, L.L.C.;

PRO LINE CARD L.L.C.;

CALL CENTER EXPRESS  
CORPORATION;

TRADEX, L.L.C.;

**JULIO CESAR SANDOVAL and  
CARLOS FELIPE MENDEZ,  
INDIVIDUALLY,  
Defendants.**

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

JUDICIAL DISTRICT

**PLAINTIFF'S ORIGINAL PETITION**

**TO THE HONORABLE JUDGE OF SAID COURT:**

Plaintiff, STATE OF TEXAS, acting by and through the Attorney General of Texas, Greg Abbott, complains of LATIN CARD PLUS, L.L.C., PRO LINE CARD L.L.C., CALL CENTER EXPRESS CORPORATION, TRADEX, L.L.C., JULIO CESAR SANDOVAL AND CARLOS FELIPE MENDEZ, Individually (DEFENDANTS) and for cause of action would respectfully show as follows:

## I. DISCOVERY CONTROL PLAN

1. The discovery in this case is intended to be conducted under Level 2 pursuant to TEX. R. CIV. P. 190.2(b)(3); 190.3(a).

## **II. JURISDICTION**

2. This action is brought by Attorney General Greg Abbott, through his Consumer Protection & Public Health Division, in the name of the State of Texas and in the public interest under the authority granted him by § 17.47 of the Texas Deceptive Trade Practices-Consumer Protection Act, TEX. BUS. & COM. CODE ANN. § 17.41 *et seq.* (Vernon 2002 and Supp. 2004) (“DTPA”) upon the ground that Defendants have engaged in false, deceptive and misleading acts and practices in the course of trade and commerce as defined in, and declared unlawful by, §§ 17.46(a) and (b) of the DTPA.

## **III. DEFENDANTS**

3. Defendant LATIN CARD PLUS, L.L.C. (“LATIN CARD”) is a Florida limited liability corporation which was established on July 20, 2004 by Defendant Carlos Mendez. DEFENDANT LATIN CARD’S principal place of business is listed in the State of Florida’s Corporation records as 9737 N.W. 41<sup>st</sup> Street, Suite 415, Doral, Florida, 33178. LATIN CARD does business in the State of Texas but is not registered to conduct business in the State of Texas. This lawsuit arose out of Defendant’s business in this state as more specifically described below. Defendant can be served by certified mail, return receipt requested directed to Defendant at its principal place of business through the Texas Secretary of State as its agent for service of process at: Citations Division, 1019 Brazos, Austin, Texas 78701.

4. Defendant PRO LINE CARD L.L.C. (“PRO LINE”) is a Florida limited liability corporation which utilizes numerous addresses in Miami, Florida including 10773 NW 58<sup>th</sup> Street, No. 423, 2174 NW 87<sup>th</sup> Avenue, 7875 NW 12<sup>th</sup> Street, 8203 NW 68<sup>th</sup> Street and 7855 NW 78<sup>th</sup> Street. PRO LINE’S principal place of business as listed in the State of Florida Corporation records

is 7925 NW 12<sup>th</sup> Street, Suite 407, Miami, Florida 33126. PRO LINE does business in the State of Texas but is not registered to conduct business in the State of Texas. This lawsuit arose out of Defendant's business in this State as more specifically described below. Defendant can be served by certified mail, return receipt requested directed to Defendant at its principal place of business through the Texas Secretary of State as its agent for service of process at Citations Division, 1019 Brazos, Austin, Texas 78701.

5. Defendant CALL CENTER EXPRESS CORPORATION ("CALL CENTER") is a Florida corporation whose principal place of business as listed in the State of Florida's Corporation records is 7925 NW 12<sup>th</sup> Street, Suite 407, Miami, Florida 33126. CALL CENTER does business in the State of Texas but is not registered to conduct business in the State of Texas. This lawsuit arose out of Defendant's business in this State as more specifically described below. Defendant can be served by certified mail, return receipt requested directed to Defendant at its principal place of business through the Texas Secretary of State as its agent for service of process at Citations Division, 1019 Brazos, Austin, Texas 78701.

6. Defendant TRADEX, L.L.C. ("TRADEX") is a Florida corporation whose principal place of business as listed in the State of Florida's Corporation records is 7925 NW 12<sup>th</sup> Street, Suite 407, Miami, Florida 33126. TRADEX does business in the State of Texas but is not registered to conduct business in the State of Texas. This lawsuit arose out of Defendant's business in this State as more specifically described below. Defendant can be served by certified mail, return receipt requested directed to Defendant at its principal place of business through the Texas Secretary of State as its agent for service of process at Citations Division, 1019 Brazos, Austin, Texas 78701.

7. Defendants JULIO CESAR SANDOVAL (“SANDOVAL”) is an individual who, along with Defendant MENDEZ, serves as a managing member of PRO LINE and of TRADEX. Defendant SANDOVAL resides at 10877 NW 7<sup>th</sup> St. #14, Miami, Florida 33172 where he can be served.

8. Defendant CARLOS FELIPE MENDEZ (“MENDEZ”) is an individual who, along with Defendant SANDOVAL, serves as a managing member of PROLINE and of TRADEX. MENDEZ is also the registered agent and sole manager of LATIN CARD. MENDEZ can be served at 11266 SW 75<sup>th</sup> Terrace, Miami, Florida 33173.

#### **IV. VENUE**

9. Venue of this suit lies in Travis County, Texas for the following reasons:

- (a) Under TEX. CIV. PRAC. & REM. CODE §15.001, venue is proper because all or a substantial part of the events or omissions giving rise to the causes of action alleged herein occurred in Travis County, Texas; and
- (b) Under the DTPA §17.47(b), venue is proper because Defendants have done business in Travis County, Texas.

#### **V. PUBLIC INTEREST**

10. Because Plaintiff STATE OF TEXAS has reason to believe that Defendants have engaged in, and will continue to engage in the unlawful practices set forth below, Plaintiff STATE OF TEXAS has reason to believe that Defendants have caused, and will cause adverse effects to legitimate business enterprise which conducts its trade and commerce in a lawful manner in this State. Therefore, the Consumer Protection & Public Health Division of the Office of the Attorney General of Texas believes and is of the opinion that these proceedings are in the public interest.

## **VI. TRADE AND COMMERCE**

11. Defendants are engaged in trade and commerce as that term is defined by § 17.45(6) of the DTPA.

## **VII. ACTS OF AGENTS**

12. Whenever in this Petition it is alleged that Defendants did any act, it is meant that:

- (a) Defendants performed or participated in the act; or
- (b) Defendants' officers, agents, or employees performed or participated in the act on behalf of and under the authority of the Defendants.

## **VIII. STATEMENT OF FACTS**

13. DEFENDANTS advertise and offer "credit cards," including "LatinCard," "Latin Card Plus" and "the Gold Card from ProLine " on radio and television commercials throughout the United States, including Travis County, Texas. These advertisements are in Spanish and target those consumers who have impediments to obtaining credit cards because they do not have established credit histories, do not have good credit or do not have social security numbers. For example, one ad for the ProLine Card represents to consumers that if they are:

"tired of...applying for credit cards and never getting approved...The Gold Card from ProLine has arrived. The new concept in credit cards. Everyone who calls the phone number on your screen now will be approved today...and you don't need a social security number or credit history."

Similarly, Defendants' advertisements for LatinCard include the following:

"Have you been trying to obtain a credit card or department store credit cards and all you ever hear back is a response of "rejected?" Well, now LatinCard has arrived! The card for Latinos who are intelligent. You do not need to have a Social Security number or the need to have a good credit history. All that is in the past...We guarantee you that you will not be rejected. At Latin Card Plus, we are here to help out our fellow Hispanics. With Latin Card Plus, you will be able to purchase a

computer for your children's studying needs...The best of all is that you will be able to pay for them by credit. Don't lose any more time. Call the number on your screen and never again will you feel rejected."

14. Defendants' advertisements direct interested consumers to call various toll free 800 numbers. Consumers who call those numbers either immediately speak to Defendants' representatives about these credit card offers or are told that they will receive a returned call within thirty minutes. Defendants' telephone agents obtain basic information from consumers and then inform the consumer that he or she has qualified for the credit card and tell the consumer the amount of their approved line of credit. Those amounts range from Two Thousand to Ten Thousand Dollars. Defendants' agents also inform consumers that a fee of up to \$299.00 must be paid prior to their receipt of the card and make arrangements with the consumers regarding the specifics of the delivery of the card and required payment.

15. Typically, Defendants arrange for Federal Express to go to the consumer's home with a letter size packet which cannot be delivered to the consumer until he or she provides Federal Express with a money order or cashiers' check in the amount required by Defendants. Defendants' packet is typically a series of documents which are in Spanish including (a) a welcome letter; (b) a card which is described as a "membership card"; (c) instructions for activation of the card; (d) a statement of terms and conditions; (e) instructions regarding how to use the card to purchase items from Defendants' web sites; (f) a guide for purchasing items from Defendants' catalogue; and (g) various promotional materials.

16. Consumers complaining to the Office of the Texas Attorney General allege that Defendants' agents made various representations on the telephone including that the cards being offered were "VISA" cards; that these cards could be used like regular credit cards for retail

purchases and could also be used at ATM machines; that the cards were interest free for the first year; that the money being requested up front was in the nature of a deposit that would be returned to the consumer by crediting his or her account; and that these cards would serve to assist consumers in establishing credit.

17. Consumers also complained that contrary to Defendants' representations, the packet they received from Defendants referenced a "membership card" and did not in fact include the credit card described by Defendants. Instead upon reviewing the packet, consumers learned for the first time that the card which they just paid for could be utilized only for purchasing products from a catalogue or from specified internet web sites: [www.latincardplus.com](http://www.latincardplus.com) and [www.prolinecard.com](http://www.prolinecard.com). In addition, they learned that the cards' terms and conditions required consumers who chose to purchase items from the catalog or web site to first pay forty percent of the cost of the item or items ordered.

18. Some consumers complained that they mailed or shipped payments to Defendants and received nothing.

19. Consumers further complained that when they contacted Defendants to complain or to seek a refund, Defendants either told them that no refunds could be made, represented that someone would call the consumer back and no one did, or instructed them to return all materials in order to obtain a refund, which in fact never arrived.

20. In other instances, Defendants' telephone numbers were repeatedly busy, were disconnected, or Defendants' agents hung up once they determined that the consumers was calling to complain.

## **IX. VIOLATIONS OF DTPA**

21. Plaintiff, the State of Texas, incorporates and adopts by reference the allegations contained in each and every preceding paragraph of this petition.

22. Defendants, as alleged and detailed above, have in the course of trade and commerce engaged in false, misleading and deceptive acts and practices declared unlawful in § 17.46(a) and (b) of the DTPA. Such acts include:

- (a) Engaging in false, misleading or deceptive acts or practices in violation of § 17.46(a) of the DTPA;
- (b) Causing confusion or misunderstanding as to the source, sponsorship, approval, or certification of goods or services in violation of § 17.46(b)(2) of the DTPA;
- (c) Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities which they do not have in violation of § 17.46(b)(5) of the DTPA;
- (d) Representing that an agreement confers or involves rights, remedies, or obligations which it does not have or involve, or which are prohibited by law in violation of § 17.46(b)(12) of the DTPA; and
- (e) Failing to disclose information concerning goods or services which was known at the time of the transaction when such failure to disclose such information was intended to induce the consumer into a transaction into which the consumer would not have entered had the information been disclosed, in violation of § 17.46(b)(24) of the DTPA.

## **X. CONSPIRACY TO DEFRAUD**

23. Defendants, in concert with their agents and employees, agreed to willfully and fraudulently obtain funds from consumers by engaging in the course of conduct complained of herein, which course of conduct Defendants knew had the tendency and capacity to deceive.

## **XI. DISGORGEMENT**

24. Defendants' assets are subject to the equitable remedy of disgorgement, which is the forced relinquishment of all benefits that would be unjust for Defendants to retain, including all ill-gotten gains and benefits or profits that result from Defendants' conduct. Defendants should be ordered to disgorge all monies fraudulently taken from individuals and businesses together with all of the proceeds, profits, income, interest and accessions thereto. Such disgorgement should be for the benefit of victimized consumers and the State of Texas.

## **XII. PRAYER**

25. By reason of the acts and practices described herein above, Defendants have violated and will continue to violate the laws as herein alleged unless enjoined by this Honorable Court.

26. WHEREFORE, PREMISES CONSIDERED, Plaintiff prays that Defendants be cited according to law to appear and answer herein; that after due notice and hearing a temporary injunction be issued; and that upon final hearing a permanent injunction be issued, restraining and enjoining Defendants, their officers, agents, servants, employees and attorneys and any other person in active concert or participation with Defendants, from engaging in the following acts or practices:

- (a) Representing that they are offering unsecured major credit cards to consumers unless such is in fact the case;

- (b) Advertising that they are offering unsecured credit cards when these cards can in fact only be used to purchase items from a catalogue or website;
- (c) Advertising that they are offering unsecured credit cards when in fact Defendants require an upfront fee and/or deposits on purchases;
- (d) Making false, misleading or deceptive statements that consumers are guaranteed or likely to receive an unsecured credit card;
- (e) Advertising extensions of credit that allow consumers to purchase items only from a catalogue or web site without disclosing that fact to consumers;
- (f) Requesting or receiving payment of a fee for goods or services without first disclosing all material terms to consumers;
- (g) Engaging in false, misleading or deceptive acts or practices in the conduct of trade or commerce in Texas; and
- (h) Transferring, concealing, destroying, or removing from the jurisdiction of this Court any books, records, documents, invoices or other written materials relating to the business of Defendants currently or hereafter in Defendants' possession, custody or control except in response to lawfully issued court orders or subpoenas.

27. Plaintiff further requests that upon final hearing this Court will:

- (a) Adjudge against Defendants Civil penalties in favor of the State of Texas in an amount of up to \$20,000.00 per violation of the DTPA as allowed by Section 17.47(c)(1);

- (b) Order Defendants to restore all money or other property taken from identifiable persons by means of unlawful acts or practices, or, in the alternative, award judgment for damages in an amount within the jurisdictional limits of this court to compensate for such losses;
  - (c) Order the disgorgement of all sums taken from identifiable consumers by means of deceptive trade practices, together with all proceeds, interest, income, profits and accessions thereto;
  - (d) Order Defendants to pay pre-judgment and post-judgment interest on all awards of restitution, damages, or civil penalties, as provided by law; and
  - (e) Order Defendants to pay all costs of Court, costs of investigation, and reasonable attorney's fees pursuant to TEX. GOVT. CODE ANN. § 402.006(c).
28. Plaintiff further prays for such other relief to which Plaintiff may be justly entitled.

Respectfully submitted,

GREG ABBOTT  
Attorney General of Texas

BARRY R. McBEE  
First Assistant Attorney General

EDWARD D. BURBACH  
Deputy Attorney General for Litigation

PAUL D. CARMONA  
Chief, Consumer Protection & Public Health  
Division

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D. ESTHER CHAVEZ  
State Bar No. 04162200  
Assistant Attorneys General  
Consumer Protection & Public Health Division  
P.O. Box 12548  
Austin, Texas 78711  
(512) 475 4628 (telephone)  
(512) 473-8301 (facsimile)